

**COUNTY OF SAN DIEGO
IN-HOME SUPPORTIVE SERVICES
PUBLIC AUTHORITY**

FINANCIAL STATEMENTS

JUNE 30, 2017

San Diego

Los Angeles

**San Francisco
Bay Area**

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
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FOR THE YEAR ENDED JUNE 30, 2017**

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INDEPENDENT AUDITORS' REPORT

Governing Board
County of San Diego In-Home Supportive Services Public Authority
San Diego, California

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the County of San Diego In-Home Supportive Services Public Authority, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County of San Diego In-Home Supportive Services Public Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
348 Olive Street
San Diego, CA 92103

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

*Licensed by the California
State Board of Accountancy*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the County of San Diego In-Home Supportive Services Public Authority, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as the budgetary comparison information on page 15 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the County of San Diego In-Home Supportive Services Public Authority's financial statements for the year ended June 30, 2016, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2017 on our consideration of the County of San Diego In-Home Supportive Services Public Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of San Diego In-Home Supportive Services Public Authority's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
September 15, 2017

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2017 WITH COMPARATIVE TOTALS AS OF JUNE 30, 2016**

| | 2017 | 2016 |
|------------------------------|-------------|-------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 72,426 | \$ 736,654 |
| Interest receivable | 2,687 | 1,310 |
| Accounts receivable | 126,901 | 87,478 |
| Due from County of San Diego | 219,307 | 274,732 |
| Total Assets | 421,321 | 1,100,174 |
| LIABILITIES | | |
| Accounts payable | 42,605 | 146,948 |
| Accrued payroll | 83,464 | 90,638 |
| Compensated absences | 146,839 | 147,435 |
| Due to County of San Diego | 197,275 | 771,863 |
| Total Liabilities | 470,183 | 1,156,884 |
| NET POSITION | | |
| Unrestricted | (48,862) | (56,710) |
| Total Net Position | \$ (48,862) | \$ (56,710) |

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED
JUNE 30, 2016**

| Function/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | |
|--------------------------------------|----------------------|-------------------------|--|--|--|--------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Total | 2016 |
| GOVERNMENTAL ACTIVITIES | | | | | | |
| In-Home Supportive Services | \$ 14,909,014 | \$ - | \$ - | \$ - | \$ (14,909,014) | \$ (15,124,713) |
| Total Governmental Activities | \$ 14,909,014 | \$ - | \$ - | \$ - | | |
| General revenues: | | | | | | |
| Investment income | | | | | 17,189 | 9,099 |
| Transfers from County of San Diego | | | | | 14,899,673 | 15,251,516 |
| Total Revenue | | | | | 14,916,862 | 15,260,615 |
| CHANGE IN NET POSITION | | | | | 7,848 | 135,902 |
| Net Position - Beginning | | | | | (56,710) | (192,612) |
| Net Position - Ending | | | | | \$ (48,862) | \$ (56,710) |

The accompanying notes are an integral part of these financial statements.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
 FUND BALANCE SHEET
 JUNE 30, 2017 WITH COMPARATIVE TOTALS AS OF JUNE 30, 2016

| | <u>IHSS Public Authority Special Revenue Fund</u> | |
|--|--|----------------------------|
| | <u>2017</u> | <u>2016</u> |
| ASSETS | | |
| Cash and cash equivalents | \$ 72,426 | \$ 736,654 |
| Interest receivable | 2,687 | 1,310 |
| Accounts receivable | 126,901 | 87,478 |
| Due from County of San Diego | 219,307 | 274,732 |
| Total Assets | <u>\$ 421,321</u> | <u>\$ 1,100,174</u> |
| LIABILITIES | | |
| Accounts payable | \$ 42,605 | \$ 146,948 |
| Accrued payroll | 83,464 | 90,638 |
| Compensated absences | 146,839 | 147,435 |
| Due to County of San Diego | 197,275 | 771,863 |
| Total Liabilities | <u>470,183</u> | <u>1,156,884</u> |
| FUND BALANCES | | |
| Unassigned | <u>(48,862)</u> | <u>(56,710)</u> |
| Total Fund Balances | <u>(48,862)</u> | <u>(56,710)</u> |
| Total Liabilities and Fund Balances | <u>\$ 421,321</u> | <u>\$ 1,100,174</u> |

The accompanying notes are an integral part of these financial statements.

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED
JUNE 30, 2016**

| | <u>IHSS Public Authority Special Revenue Fund</u> | |
|--|--|---------------------|
| | <u>2017</u> | <u>2016</u> |
| REVENUES | | |
| Investment income | \$ 17,189 | \$ 9,099 |
| Total Revenues | <u>17,189</u> | <u>9,099</u> |
| EXPENDITURES | | |
| Administrative costs | 3,366,989 | 2,849,868 |
| Operating costs | 2,722,392 | 3,485,278 |
| Consulting costs | 8,801,633 | 8,789,567 |
| Other charges | 18,000 | - |
| Total Expenditures | <u>14,909,014</u> | <u>15,124,713</u> |
| Excess (Deficiency) of Revenues | | |
| Over Expenditures | <u>(14,891,825)</u> | <u>(15,115,614)</u> |
| Other Financing Sources (Uses) | | |
| Transfers in from County of San Diego | 14,899,673 | 15,251,516 |
| Net Financing Sources (Uses) | <u>14,899,673</u> | <u>15,251,516</u> |
| NET CHANGE IN FUND BALANCE | 7,848 | 135,902 |
| Fund Balance - Beginning | <u>(56,710)</u> | <u>(192,612)</u> |
| Fund Balance - Ending | <u>\$ (48,862)</u> | <u>\$ (56,710)</u> |

The accompanying notes are an integral part of these financial statements.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the San Diego In-Home Supportive Services Public Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies:

A. Financial Reporting Entity

The accompanying financial statements report on the financial activities of the San Diego In-Home Supportive Services Public Authority (“Authority”). In response to a 1999 State mandate requiring the establishments of an employer of record for the In-Home Supportive Services program, the Board of Supervisors approved appropriations and established an operating fund for the Public Authority for the implementation activities and operating expenses. The Authority is a public entity separate from the County of San Diego (“County”). The Authority is a corporate public body exercising public and essential governmental functions, and it has all powers necessary and convenient to carry out its required responsibilities. The Authority’s financial statements are also included in the County’s Comprehensive Annual Financial Report (“CAFR”). The reason for including the Authority in the CAFR is the exercise of oversight responsibility over the Authority’s activities by the County Board of Supervisors who also acts at the Authority’s Governing Body.

B. Basis of Presentation

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34. The implementation of GASB Statement No. 34 required the Authority to present a Management’s Discussion and Analysis (MD&A) and two additional statements: Statement of Net Position and Statement of Activities. The Statement of Net Position and Statement of Activities are government-wide statements that present the Authority’s assets, liabilities, revenues and expenses using the economic resources focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows.

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e. both measurable and available. “Available” means collectible within the current period or within 30 days after year-end. Expenditures are recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt, if any, is recognized when due.

C. Related Party Transactions

The majority of the Authority’s transactions are between the Authority and the related party, the County of San Diego. The County of San Diego, by agreement, operates the Authority. The Board of Supervisors of the County is also the governing body of the Authority.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

D. **Budgetary Accounting**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (USGAAP). Formal budgetary integration is employed as a management control device.

E. **Comparative Data**

Comparative total data for the prior fiscal year has been presented in certain statements of the accompanying financial statements, in order to provide an understanding of changes in the Authority's financial position and operations.

F. **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the related reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

G. **Net Position and Fund Balance**

GASB Statements No. 34 and 63 add the concept of Net Position, which is measured on the full accrual basis, to the concept of the Fund Balance, which is measured on the modified accrual basis.

Net Position is divided into three captions under GASB Statements No. 34 and 63. These captions apply only to Net Position as determined at the government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the Authority's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes then portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. These principally include debt service requirements.

Unrestricted describes the portion of Net Position which is not restricted as to use.

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the Authority is bound to honor constraints on how to specific amounts can be spent.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

G. Net Position and Fund Balance (*continued*)

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the Authority's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance – amounts that are considered by the Authority's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for the purpose.

Unassigned fund balance – the residual classification for the Authority's funds that include amounts not contained in the other classification.

The Authority establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the fiscal year.

In order to retain a stable financial base, the Authority needs to maintain unrestricted fund balance in its funds sufficient to fund cash flows of the Authority and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

However, the Authority did not adopt any policy to maintain a fixed level of financial resources to protect against reducing services levels and fees because of temporary shortfalls or unpredicted one-time expenditures.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2017

NOTE 2 – CASH AND POOLED INVESTMENTS

A. Equity in Cash and Pooled Investments

The San Diego In-Home Supportive Services Public Authority’s cash is included in the County’s balance sheet as “Equity in Cash and Pooled Investments.” The County maintains a cash and investment pool for all funds of the County and other agencies for which the County treasury is the depository. Interest earned on the pooled funds is allocated and credited to these funds quarterly. Further disclosures regarding the County’s cash and investments are included in the Notes of the County’s fiscal year ended June 30, 2017 Comprehensive Annual Financial Report.

B. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest Authority funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

| Authorized Investment Type | Maximum Remaining Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|---|----------------------------------|---------------------------------------|--|
| Local Agency Bonds, Notes, Warrants | 5 years | None | None |
| Registered State Bonds, Notes, Warrants | 5 years | None | None |
| U. S. Treasury Obligations | 5 years | None | None |
| U. S. Agency Securities | 5 years | None | None |
| Banker’s Acceptance | 180 days | 40% | 30% |
| Commercial Paper | 270 days | 25% | 10% |
| Negotiable Certificates of Deposit | 5 years | 30% | None |
| Repurchase Agreements | 1 year | None | None |
| Reverse Repurchase Agreements | 92 days | 20% of base | None |
| Medium-Term Corporate Notes | 5 years | 30% | None |
| Mutual Funds | N/A | 20% | 10% |
| Money Market Mutual Funds | N/A | 20% | 10% |
| Mortgage Pass-Through Securities | 5 years | 20% | None |
| County Pooled Investment Funds | N/A | None | None |
| Local Agency Investment Fund (LAIF) | N/A | None | None |
| Joint Powers Authority Pools | N/A | None | None |

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority manages its exposure to interest rate risk by investing in the County Treasury. The Authority maintains a pooled investment with the County Treasury with a fair value of approximately \$72,426 and an amortized book value of \$72,672. The average weighted maturity for this pool is 417 days.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2017

NOTE 2 – CASH AND POOLED INVESTMENTS (continued)

D. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2017, the pooled investments in the County Treasury were rated AA Af/S1.

E. Fair Value

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Authority's own data. The Authority should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the Authority are not available to other market participants.

Uncategorized - Investments in the San Diego County Treasury Investment Pool are not measured using the input levels above because the Entity's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

Fair value measurements are as follows at June 30, 2017:

| | <u>Uncategorized</u> |
|---|----------------------|
| Investment in county treasury | \$ 72,426 |
| Total fair market value of investments | <u>\$ 72,426</u> |

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 3 – COMPENSATED ABSENCES

The San Diego In-Home Supportive Service Public Authority accrues accumulated vacation due to its employees and upon termination of employment; employees will be paid for unused vacation time that has been earned through the last day of work. The total amount due at June 30, 2017 is \$146,839. The Authority estimates that the compensated absences will be taken/paid within the next fiscal year.

NOTE 4 – PUBLIC AUTHORITY EMPLOYEES RETIREMENT PLAN (DEFINED CONTRIBUTION PENSION PLAN)

The County of San Diego In-Home Supportive Services Public Authority Money Purchase Plan began on July 1, 2003.

Plan Description

General – The San Diego In-Home Supportive Services Public Authority Employee Retirement Plan (“Plan”) is administered by a private administrator. The Authority’s Plan is a defined contribution plan covering all qualified employees of the Authority. Entry into the Plan is made on the first day of employment after meeting the eligibility requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investments earnings.

Contributions – Each year the Authority contributes to the Plan, for qualified enrolled employees, 8.0% of those employees’ gross wages. For the fiscal year ended June 30, 2017 the Authority contributed \$245,373.

Participants Accounts – Each participant’s account is credited with the Authority’s contribution, and an allocation of Plan earnings. The benefit to which a participant is entitled to is the benefit that can be provided from the participant’s account.

Vesting – Vesting is based on years of service. A participant is 20% vested after one year but less than two years of credited service and vests an additional 20% for every year of service thereafter. A participant is fully vested after five years of service.

Payment of Benefits – Upon termination of service, a participant may elect to receive either a lump sum distribution equal to the value of his or her account or an annuity.

COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 5 – MEMORANDUM OF UNDERSTANDING WITH THE UNITED DOMESTIC WORKERS OF AMERICA, AFSCME, AFL-CIO

On July 7, 2009, the Authority signed a Memorandum of Understanding (MOU) with the United Domestic Workers of America (Union) with terms and conditions of employment for the IHSS Individual Providers. The Union is responsible for administration of health benefits which includes the formation of a Union Health Care Trust Fund. The Authority is required to provide up to \$8,784,000 annually to the Union Health Care Trust Fund. This amount is included in the consulting services expenditure line item on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

NOTE 6 – DEFERRED COMPENSATION PLAN

457 Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is available to full-time employees. The Internal Revenue Service regulations allow an employer to designate a 457(b) Deferred Compensation Plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by a third-party administrator (MetLife) for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Section 457 (g). Accordingly, these assets have been excluded from the Authority's Comprehensive Annual Financial Report.

NOTE 7 – FINANCIAL CONDITION

The Authority has a deficit in net position of \$48,862 as of June 30, 2017. The Authority projects that future contributions from the County of San Diego's General Fund will be sufficient to support the Authority's operations.

NOTE 8 – MANAGEMENT'S REVIEW

Management has evaluated subsequent events through the date the financial statements were available for issuance which is September 15, 2017.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**COUNTY OF SAN DIEGO IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – IHSS
PUBLIC AUTHORITY SPECIAL REVENUE FUND – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

| | Budgeted Amounts | | Actual | Variances - |
|--|------------------|--------------|--------------|-----------------|
| | Original | Final | | Final to Actual |
| REVENUES | | | | |
| Investment income | \$ - | \$ - | \$ 17,189 | \$ 17,189 |
| Total Revenues | - | - | 17,189 | 17,189 |
| EXPENDITURES | | | | |
| In-Home Supportive Services | 16,236,591 | 16,236,591 | 14,909,014 | 1,327,577 |
| Total Expenditures | 16,236,591 | 16,236,591 | 14,909,014 | 1,327,577 |
| Excess (Deficiency) of Revenues | | | | |
| Over Expenditures | (16,236,591) | (16,236,591) | (14,891,825) | 1,344,766 |
| Other Financing Sources (Uses) | | | | |
| Transfers in from County of San Diego | 16,236,591 | 16,236,591 | 14,899,673 | (1,336,918) |
| Net Financing Sources (Uses) | 16,236,591 | 16,236,591 | 14,899,673 | (1,336,918) |
| NET CHANGE IN FUND BALANCE | | | | |
| Fund Balance - Beginning | (56,710) | (56,710) | (56,710) | - |
| Fund Balance - Ending | \$ (56,710) | \$ (56,710) | \$ (48,862) | \$ 7,848 |

**OTHER INDEPENDENT
AUDITORS' REPORTS**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Independent Auditors' Report

Governing Board

County of San Diego In-Home Supportive Services Public Authority
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the County of San Diego In-Home Supportive Services Public Authority, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County of San Diego In-Home Supportive Services Public Authority's basic financial statements, and have issued our report thereon dated September 15, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of San Diego In-Home Supportive Services Public Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of San Diego In-Home Supportive Services Public Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of San Diego In-Home Supportive Services Public Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
348 Olive Street
San Diego, CA 92103

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

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State Board of Accountancy*

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of San Diego In-Home Supportive Services Public Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White Associates

San Diego, California
September 15, 2017